

Message Text

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10

ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 FEA-01 ERDA-07 AID-05 CEA-01

CIAE-00 CIEP-02 COME-00 DODE-00 EB-07 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-03

USIA-15 SAM-01 OES-05 SP-02 SS-15 STR-04 TRSE-00

FRB-01 PA-02 PRS-01 /119 W
----- 095473

R 190634Z JUN 75

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 2068

INFO AMEMBASSY ABU DHABI

AMEMBASSY BAGHDAD

AMEMBASSY BEIRUT

AMEMBASSY BONN

AMCONSUL DHAHRAN

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MANAMA

UNCLAS TEHRAN 5793

E.O. 11652: N/A

TAGS: ENRG, IR

SUBJECT: ISFAHAN REFINERY AWARDE TO FLOUR/THYSSEN JOINT VENTURE

1. TEHRAN ENGLISH-LANGUAGE NEWSPAPERS JUNE 18 CARRIED BRIEF
DPA DISPATCH ANNOUNCING AWARD OF CONSTRUCTION CONTRACT FOR
ISFAHAN REFINERY TO FLOUR-THYSSEN JOINT VENTURE. REFINERY
COST PUT AT 1.8 BILLION DM, OR ABOUT \$750 MILLION.

2. RESPONSIBLE NIOC OFFICIAL CONFIRMED ABOVE, NOTING NIOC
BOARD OF DIRECTORS JUNE 16 "AUTHORIZED US TO NEGOTIATE WITH
FLOUR/5#6 3,," IN OTHER WORDS DECIDED TO GIVE FLOUR/THYSSEN
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THE CONTRACT. SAME OFFICIAL SAID NIOC WILL SIGN "LETTER OF

INTENT" WITH FLOUR/THYSSEN IN A FEW DAYS AND ADDED THAT HE IS NOW WORKING ON A DRAFT OF THE CONTRACT. SOURCE SAID CONTRACT, WHICH WILL NOMINALLY BE "LUMP SUM" TYPE, WILL HAVE SEVERAL "EXCALATION CLAUSES" FOR FOREIGN AND DOMESTIC COST INFLATION, AND NIOC EXPECT FINAL COST TO BE CONDIDERABLY HIGHER THAN \$750 MILLION INITIAL ESTIMATE. HEAD OF REGIONAL FLOUR OFFICE SAID FLOUR, NOT THYSSEN, WILL DO ALL OF ENGINEERING DESIGN PROBABLY IN U.S., AND SAYS LARGE PORTION OF FOREIGN PROCUREMENT EXPECTED TO BE IN U.S. THYSSEN'S ROLE IN JOINT VENTURE, HE SAID, INCLUDES SHARING RISK, ASSISTING WITH EUROPEAN PORTION OF PRUCHASING, AND PROVIDIN PERSONNEL.

HELMS

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Disposition Comment:
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Disposition Event:
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